

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 ARA-16 TRSY-11 AEC-11

AID-20 CEA-02 CIAE-00 CIEP-02 COME-00 DODE-00 EB-11

FEA-02 FPC-01 H-03 INR-10 INT-08 L-03 NSAE-00 NSC-07

OMB-01 PM-07 RSC-01 SAM-01 SCI-06 SP-03 SS-20 STR-08

DRC-01 /204 W

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R 230645Z APR 74

FM AMEMBASSY ABU DHABI

TO AMEMBASSY DACCA

SECSTATE WASHDC 1493

INFO AMEMBASSY BRAZILIA

AMEMBSSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

LIMITED OFFICIAL USE ABU DHABI 0481

EO 11652: ADS (DECONTROL APRIL 22, 1975)

TAGS: ENRG, TC, BA

SUBJ: SALE OF ABU DHABI CRUDE TO BANGLADESH; ADDITIONAL SALES UNDER
CONSIDERATION

REF: ABU DHABI 0448 (NOTAL)

1. REFTEL REPORTED THE ANNOUNCEMENT BY THE ABU DHABI NATIONAL
OIL CO (ADNOC) OF THE SALE OF AN UNSPECIFIED AMOUNT OF PAR-
TICIPATION OIL TO BANGLADESH. THE EMB HAS CONFIRMED REPORT
APPEARING IN APRIL 12 ISSUE OF AUTHORITATIVE MIDDLE EAST
ECONOMIC SURVEY (MEES) THAT AMOUNT INVOLVED WAS 200,000 TONS
(APPROX 5,500/6,000 BPD) OF CRUDE FOR FINAL NINE MONTHS OF 1974.

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ACCORDING MEES ARTICLE, PRICE BANGLADESH WOULD PAY FOR OIL,

WHICH REPORTEDLY WOULD BE USED FOR PRODUCTION OF FERTILIZERS REQUIRED IN AGRICULTURE, IS DOLS 11.75 P/B WHICH WORKS OUT TO ROUGHLY 93 PERCENT OF POSTED PRICE. OF COURSE, AT THAT PRICE OIL IS CERTAINLY NON CONCESSIONAL AS FAR AS BANGLADESH CONCERNED.

2. COMMENT: ADNOC SENIOR ADVISOR, FADIL KHAN, HAS INFORMED EMBASSY THAT PRICE MENTIONED FOR SMALL TRANSACTION WITH BANGLADESH WAS STRICTLY FOR THE RECORD. IN FACT, TRANSACTION IS NOT PART OF REGULAR AUCTION SALE AND WAS ORDERED FROM "HIGHER AUTHORITY" FOR STRICTLY POLITICAL REASONS. KHAN SAID THAT THERE IS GOOD CHANCE THAT 200,000 TONS ALLOCATED TO BANGLADESH FOR 1974 WILL BE DONATED BY ABU DHABI OUTRIGHT OR SOLD AT PRICE CONSIDERABLY BELOW MARKET.

3. SUBSEQUENT TO DRAFTING OF ABOVE, EMB HAS LEARNED THAT NEGOTIATIONS ARE ACTIVELY BEING PURSUED BY ADNOC FOR ADDITIONAL SALES OF PARTICIPATION CRUDE. IN ADDITION TO AMERADA HESS AND AMOCO, SEVERAL NEW AMERICAN FIRMS INCLUDING COASTAL OIL CO (?) HAVE ENTERED THE BIDDING. WE UNDERSTAND FROM GOOD AUTHORITY THAT THE 96 PERCENT OF POSTED PRICE PAID BY UNITED REFINING (REFTEL) IS MAKING IT DIFFICULT FOR THE OTHER US FIRMS TO COMPETE. ALSO STILL IN THE PICTURE FOR THE 100,000 PLUS BPD PARTICIPATION OIL AD HAS TO SELL ARE PETROBAS AND SEVERAL JAPANESE FIRMS.
GRIFFIN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SALES, AUCTIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ABUDH00481
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740094-0864
From: ABU DHABI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740423/aaaaatvg.tel
Line Count: 88
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: ABU DHABI 0448 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2002 by boyleja>; APPROVED <12-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SALE OF ABU DHABI CRUDE TO BANGLADESH; ADDITIONAL SALES UNDER CONSIDERATION
TAGS: ENRG, TC, BG, ADNOC
To: DACCA STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005